

Message Text

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PAGE 01 EC BRU 01302 121040 Z

11

ACTION EUR-25

INFO OCT-01 EA-11 IO-13 ADP-00 SSO-00 NSCE-00 USIE-00

CCO-00 INRE-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-02 PA-03 PRS-01 AGR-20 ABF-01 RSR-01

/188 W

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O 120957 Z MAR 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 4851

AMEMBASSY MOSCOW IMMEDIATE

INFO AMEMBASSY BERN IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY OSLO IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY STOCKHOLM IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

USMISSION GENEVA IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

UNCLAS EC BRUSSELS 1302

PASS TREASURY SECRETARY SCHULTZ AND DEPUTY UNDERSECRETARY
BENNETT

PASS TREASURY, FRB AND CEA

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PAGE 02 EC BRU 01302 121040 Z

E. O. 11652: N/ A

TAGS: EFIN, EEC, US

SUBJECT: MARCH 11-12 EC COUNCIL (FINANCE) - INTERNATIONAL
MONETARY CRISIS

1. THE COUNCIL OF THE EUROPEAN COMMUNITIES MET THE AFTERNOON OF MARCH 11 AND COMPLETED ITS DELIBERATIONS IN THE EARLY MORNING HOURS OF MARCH 12. IN ADDITION TO THE MINISTERS OF FINANCE AND ECONOMIC AFFAIRS OF THE MEMBERSTATES AND TO THE EC COMMISSION, THE CHAIRMAN OF THE COMMITTEE OF GOVERNORS OF THE CENTRAL BANKS (WORMSER), THE CHAIRMAN OF THE MONETARY COMMITTEE (CLAPPIER), THE CHAIRMAN OF THE COORDINATING COMMITTEE ON SHORT- TERM ECONOMIC AND FINANCIAL POLICIES (BAEYENS) AND THE CHAIRMAN OF THE DEPUTIES OF THE GROUP OF TEN (OSSOLA) WERE ALSO PRESENT. AT THE CONCLUSION OF THE MEETING THE COUNCIL ISSUED THE FOLLOWING STATEMENT.

2. BEGIN TEXT. THE COUNCIL OF THE COMMUNITY MET ON 11 MARCH 1973 TO EXAMINE THE MEASURES TO BE TAKEN TO COPE WITH THE INTERNATIONAL MONETARY CRISIS, PARTICULARLY IN THE LIGHT OF THE MEETING OF THE ENLARGED GROUP OF TEN WHICH TOOK PLACE IN PARIS ON 9 MARCH.

3. THE COUNCIL RECORDED THE FOLLOWING DECISIONS:
- THE MAXIMUM MARGIN BETWEEN THE DM, THE DANISH CROWN, THE FLORIN, THE BELGIAN FRANC, THE LUXEMBOURG AND FRENCH FRANC WILL BE MAINTAINED AT 2.25 PERCENT; IN THE CASE OF MEMBER STATES OPERATING A TWO- TIER EXCHANGE MARKET, THIS UNDERTAKING WILL ONLY APPLY TO THE REGULATED MARKET;

- THE CENTRAL BANKS WILL NO LONGER HAVE AN OBLIGATION TO INTER- VENE AT THE MARGINS OF FLUCTUATION OF THE UNITED STATES DOLLAR;

- IN ORDER TO PROTECT THE SYSTEM AGAINST DISRUPTIVE CAPITAL MOVEMENTS, TH DIRECTIVE OF 21 MARCH 1972 WILL BE MORE EFFECTIVELY IMPLEMENTED AND ADDITIONAL CONTROLS WILL BE PUT INTO OPERATION AS FAS AS IS NECESSARY.

4. THE BRITISH, IRISH AND ITALIAN MEMBERS OF THE COUNCIL STATED THAT THEIR GOVERNMENTS INTENDED TO ASSOCIATE THEMSELVES AS SOON AS POSSIBLE WITH THE DECISION WHICH HAD BEEN TAKEN TO MAINTAIN THE COMMUNITY EXCHANGE MARGINS.

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PAGE 03 EC BRU 01302 121040 Z

5. TO THIS END, THE COMMISSION WILL PUT FORWARD THE SUGGESTIONS THAT IT CONSIDERS SUITABLE AT THE SAME TIME AS IT SUBMITS ITS REPORT ON THE ADJUSTMENT OF SHORT- TERM MONETARY SUPPORT AND THE CONDITIONS FOR PROGRESSIVE POOLING OF RESERVES WITHIN THE SET PERIOD THAT IS BY 30 JUNE 1973.

6. THE COUNCIL AGREED THAT IN THE MEANTIME CLOSE AND CONTINUING CONSULTATION ON MONETARY MATTERS WILL BE MAINTAINED BETWEEN THE COMPETENT BODIES IN THE MEMBER STATES.

7. THE REPRESENTATIVE OF THE FEDERAL GERMAN GOVERNMENT GAVE NOTICE OF THE INTENTION OF HIS GOVERNMENT TO MAKE A MINOR ADJUSTMENT OF THE CENTRAL RATE OF THE DM BEFORE THE EXCHANGE MARKETS WERE RE- OPENED IN ORDER TO MAKE A CONTRIBUTION TOWARDS THE ORDERLY DEVELOPMENT OF THE OPERATION OF THE EXCHANGE MARKETS.

8. THE TECHNICAL DETAILS AFFECTING THE QUESTIONS SET OUT ABOVE WILL BE WORKED OUT WITHIN THE NEXT FEW DAYS TAKING ACCOUNT OF THE NEXT MEETING OF THE ENLARGED GROUP OF TEN WHICH IS TO TAKE PLACE IN PARIS ON FRIDAY MARCH 16, AND WILL BE MADE APPLICABLE ON 19 MARCH 1973, THE DAY SET FOR THE RE- OPENING OF THE EXCHANGE MARKETS. END TEXT, HARTMAN

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